

CENTRAL MARIN SANITATION AGENCY

POPULAR ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JULY 1, 2020—JUNE 30, 2021**



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POPULAR ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JULY 01, 2020 — JUNE 30, 2021

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EDITORS:

KEN SPRAY ADMINISTRATIVE SERVICES MANAGER

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ADRIANNA MENDOZA ADMINISTRATIVE SPECIALIST

December 9, 2021

Dear Reader,

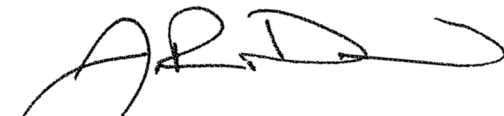
Central Marin Sanitation Agency (CMSA) is pleased to present its **Popular Annual Financial Report** (PAFR) for the fiscal year ended June 30, 2021 (FY21). The PAFR is published to provide readers with easy-to-understand facts about the CMSA organization, as well as its finances, wastewater services, and other pertinent material. The financial information within this report is taken in large part from the Agency's audited financial statements and provides an overview of the Agency's financial activities and position.

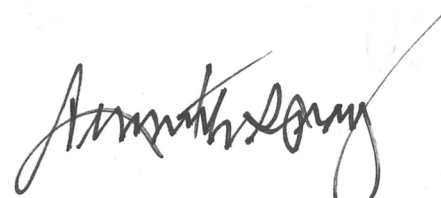
Unlike the Agency's **Annual Comprehensive Financial Report** (ACFR), the condensed financial data presented in the PAFR does not contain all disclosures necessary to be compliant with generally accepted accounting principles (GAAP). The report is, however, for the most part consistent with and generally presented in conformity with GAAP. Information that may be of importance to the reader, such as the *Condensed Statement of Net Position*, the *Statement of Revenues & Expenses and Changes in Net Position*, as well as *Capital Assets*, are presented in a summarized format, and provide a broad overview of the Agency's overall finances.

Readers of this document who are interested in learning more about the specific operational, financial, and program details can refer to the Agency's FY21 ACFR with Audited Financial Statements. They are available online at www.cmsa.us/finance/documents/, by visiting us at 1301 Andersen Drive, San Rafael, California, or by contacting us at (415) 459-1455.

We hope the PAFR will give a broad understanding of the organization's valuable services provided to the public, as well as our efforts to safeguard the environment. Feel free to visit our website to learn more about CMSA. We welcome your comments, feedback, and suggestions for improving future publications.

Respectfully submitted,

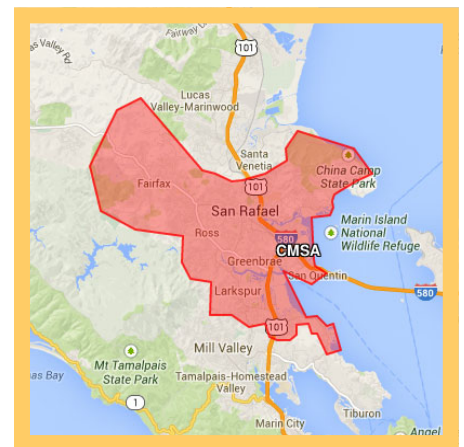

Jason R. Dow,
General Manager


Ken Spray,
Administrative Services Manager

OUR MISSION

Central Marin Sanitation Agency will protect the environment and public health by providing wastewater, environmental, and resource recovery services of exceptional quality and value to its customers.

OUR SERVICE AREA



GOLD AWARD 2020



LOCAL ECONOMY AND STATISTICS



The local housing market continued to improve during FY21. The annual mean/median sale price for a home in Marin, as reported by the Marin County Assessor Office for the year ending June 30, 2021, was **\$1.96M/\$1.53M**.

Seven of the top ten employers in CMSA's service area, as measured by the number of employees, are public entities.

Marin's 5.8% average unemployment rate is among the lowest rate in California and remained below national levels (6.9%) at the end of FY21.

CMSA's single largest customer is San Quentin State Prison (SQSP).

Marin County has a total population of 262,321 with a growth rate of less than one percent annually. The county's residents continue to have California's highest average per capita income of **\$141,735** per household. The population growth rate and per capita household income in the CMSA service area mirrors that of the county.



THE POPULATION OF CITIES, TOWNS, AND SAN QUENTIN STATE PRISON IN THE CMSA SERVICE AREA IS 104,250

City of San Rafael (Represents approximately two-thirds of the City's population)	39,324
City of Larkspur	13,064
Town of San Anselmo	12,830
Town of Corte Madera	10,222
Town of Fairfax	7,605
Unincorporated Areas (<i>San Quentin Village, Greenbrae, Tiburon</i>)	6,980
Kentfield	6,808
Town of Ross	2,550
San Quentin State Prison	2,483
Sleepy Hollow	2,384

TEN LARGEST EMPLOYERS AND NUMBER OF EMPLOYEES IN THE CMSA SERVICE AREA

San Quentin State Prison	1,769
BioMarin	1,700
Marin General Hospital	1,650
Dominican University	1,117
Golden Gate Bridge, Hwy and Transit District	840
College of Marin	529
Restoration Hardware	500
City of San Rafael	405
Tamalpais Union High School District	402
San Rafael City Schools	362

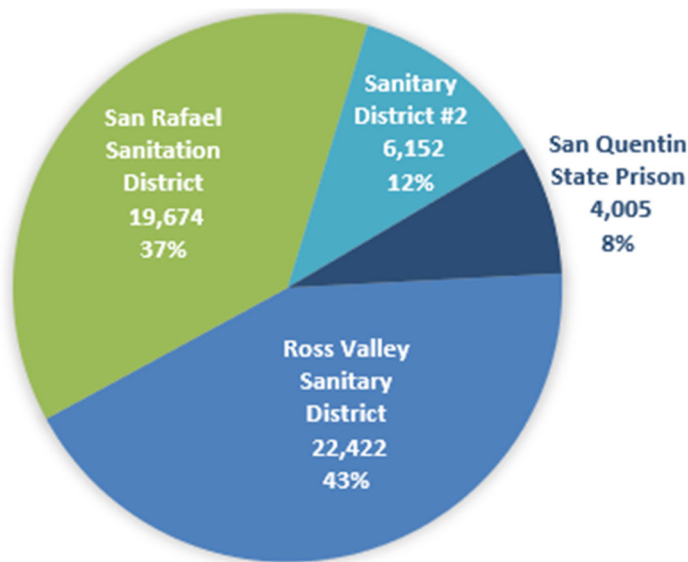
Sources: United States Census Bureau-Quick Facts, 2020 Census; San Quentin State Prison SB-601 2021 Statistical Report; Town of Ross.org.

WHAT CMSA DOES

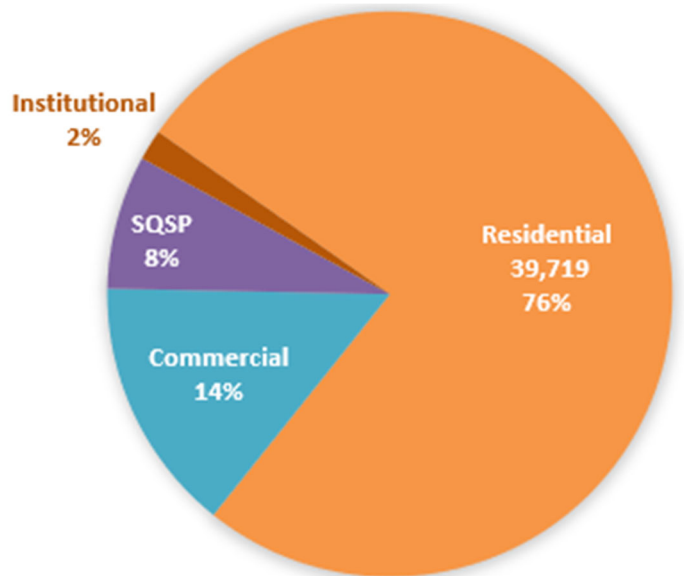
CMSA provides wastewater services to protect public health and the environment. The treated wastewater discharged into the central San Francisco Bay consistently meets and exceeds all federal, state, and regional regulatory requirements. In line with its core mission are responsibilities related to:

- Implementing federal pre-treatment, and state and regional pollution prevention programs.
- Administering a comprehensive safety program for CMSA and Novato Sanitary District (NSD).
- Producing renewable power and recycled water.
- Providing wastewater collection system maintenance, source control, and other related services under contract to local agencies.

EDUs SERVED IN FY21



EDU TOTALS BY CONNECTION TYPE



What are EDUs?

An Equivalent Dwelling Unit, or EDU, refers to a unit of wastewater discharge. It is the estimated volume and strength generated by a single-family residence.

The Agency provides

services to 52,253 Equivalent Dwelling Units with an approximate service area population of 104,250.

WASTEWATER AND BIOSOLIDS TREATED IN FY21

Volume of total wastewater treated	3.357 billion gallons
Average dry weather influent flow (Aug-Oct 2020).....	8.3 million gallons/day
Average wastewater treated	9.2 million gallons/day
Total biosolids reuse	6,370 wet tons
Landfill Alternative Daily Cover	2,013 wet tons
Land-Applied Fertilizer/Soil Amendment.....	2,127 wet tons
Liquid Bio-Fertilizer	2,230 wet tons

HISTORY AND ORGANIZATION

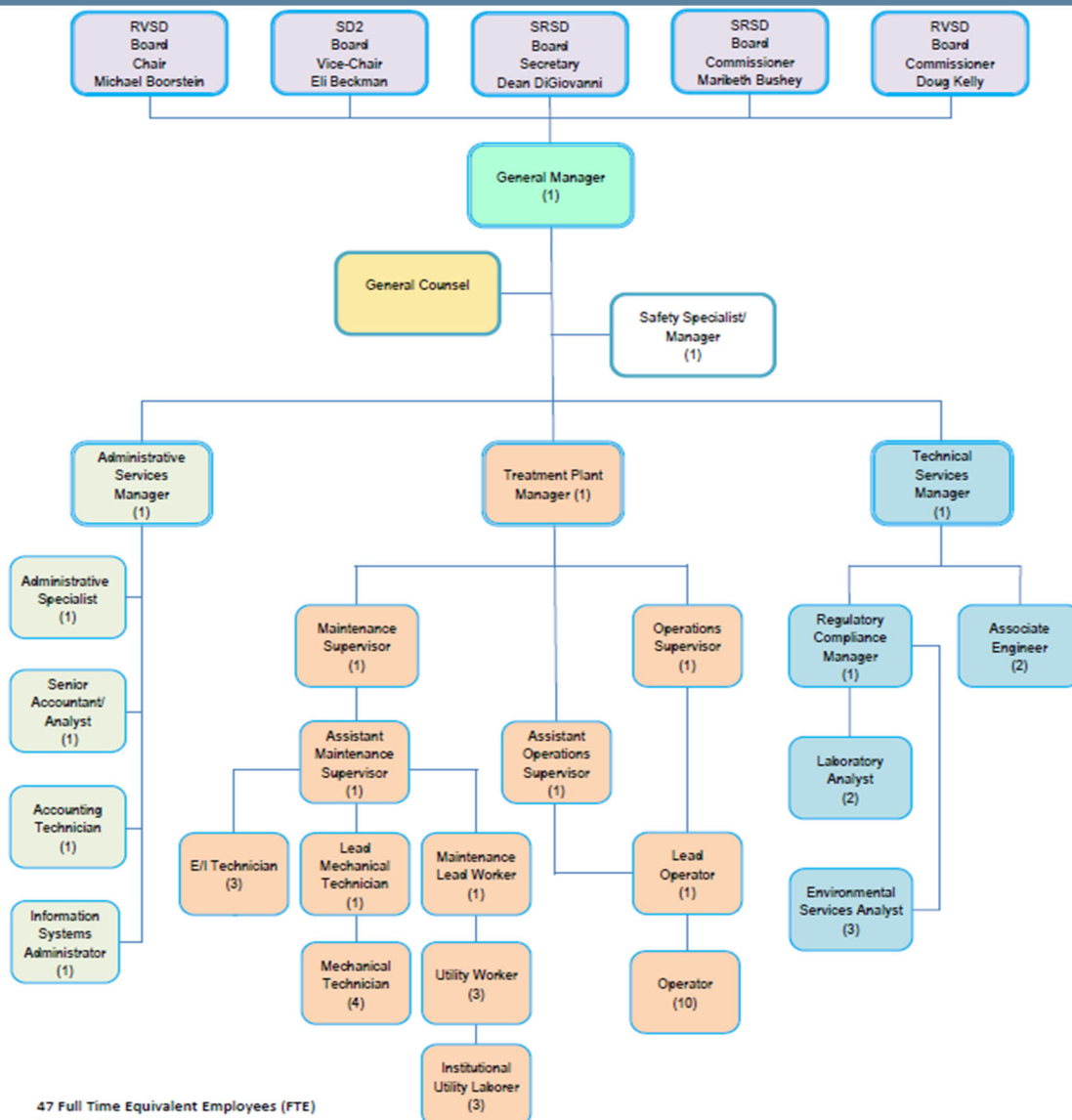
Faced with wastewater treatment challenges unique to central Marin County and the necessity to comply with the 1972 Federal Clean Water Act, Ross Valley Sanitary District (RVSD), Sanitary District No. 2 (SD2) of Marin County, the City of Larkspur, and the San Rafael Sanitation District (SRSD) united in 1979 to form a joint powers agency (JPA) that created a separate government entity, the Central Marin Sanitation Agency. The CMSA wastewater treatment facility began service in May 1985.

Since then, the JPA has been amended eight times. The most recent significant revisions were made in 2018 to update numerous provisions that were outdated or not applicable, and to reflect CMSA's then current business practices and operations.

In late 2018, the Larkspur City Council decided to withdraw from the JPA for several reasons, in part because its wastewater operations were annexed into the RVSD in 1993. A withdrawal agreement and a revised JPA to reflect Larkspur's withdrawal and the reduced number of CMSA Commissioners, were approved by JPA member agencies in January 2020.

The Agency's five-member Board of Commissioners are appointed by the governing bodies of each JPA member. SRSD and RVSD each have two representatives, while SD2 has one. The Board sets policy, adopts the biannual budgets for CMSA, and appoints the General Manager and Treasurer who serve at the pleasure of the Board. The General Manager is the chief executive officer and the Treasurer is responsible for all financial operations.

ORGANIZATIONAL CHART



47 Full Time Equivalent Employees (FTE)
June 30, 2021

MAJOR ACCOMPLISHMENTS AND INITIATIVES

PUBLIC OUTREACH

CMSA is the lead agency in administering a county-wide public education program for the six Marin County wastewater agencies that have treatment plants. The program continues to be innovative in developing public outreach measures to educate the public about ways to reduce pollutant disposal into the sanitary sewer and storm drain systems.

School Presentations & Performances

For the 2020 school year, during COVID-19 when schools were closed, the Public Education Program's "Go with the Flow" producer converted his in-person show to a virtual show. This virtual show was presented at 15 Marin County schools reaching a total of 2,386 students. The program consists of an interactive and entertaining performance by a juggler that educates students about what happens to water after it goes down household drains. The show includes juggling, comedy, and magic acts.



Fun Events to Raise Awareness

Due to COVID-19, many Marin County public education and outreach events were not held over the past year. However, CMSA staff participated in a Spooky Street Drive event, in which 170 vehicles attended, to continue communication of key public education messages within our community. Program participants prepared 144 door hangers containing educational brochures on "Fat-Free Sewers", "Wipes Clog Pipes", and "Safe Disposal of Prescription Medicines Saves Lives" for Farmers' Markets celebrating Earth Day.



Unused Pharmaceuticals Collection

For many years, the Agency has provided financial support to the *Marin County Pharmaceutical Take-Back Program* which reduces the amount of unused pharmaceutical products from being discharged into the sanitary sewers. Literature on how to dispose of them is also made available at our public outreach events. In Marin County, 10,000 pounds of unused pharmaceutical products were collected and properly disposed in calendar year 2020.

POLLUTION PREVENTION

Mercury Reduction Program

The regional *Mercury Watershed Permit* goal is to lower the mercury concentration in the San Francisco Bay. To comply with the permit, wastewater agencies regulate dental offices by requiring them to use dental amalgam separators, as dental amalgam is the largest controllable source of this mercury. Agency staff determined that in calendar year 2020, approximately 12.5 pounds of mercury were removed and properly disposed within CMSA's service area.



Novato Sanitary District and Las Gallinas Valley Sanitary District have contracted with CMSA to administer dental amalgam programs in their respective service areas. Compliance inspections in 2020 showed that all dental offices complied with program requirements and the programs were responsible for the removal of 14.25 pounds of mercury.

Fats, Oils, & Grease (FOG) Source Control Programs

CMSA assists local wastewater agencies in the development, implementation, and administration of FOG source control programs. The goal of the FOG programs is to reduce sewer blockages and prevent sanitary sewer overflows caused when grease is discharged directly into sanitary sewers. When FOG is improperly disposed it can build up, and if unchecked over time, can harden, combine with sand, roots, and debris, and clog sewer pipelines.



SAFETY FIRST

In FY21, CMSA held 45 safety trainings on roughly 28 topics, including chainsaw safety, confined space safety, fall protection, ergonomics, contractor safety, COVID-19 prevention, hearing loss prevention, bloodborne pathogens, electrical hazard awareness, hazardous energy control, heat illness prevention, forklift/telehandler operation, wildfire smoke protection, and homeless encampment safety. Combined with safety tailgates, efforts from all staff totaled about 714 cumulative safety training hours.

MAJOR ACCOMPLISHMENTS AND INITIATIVES

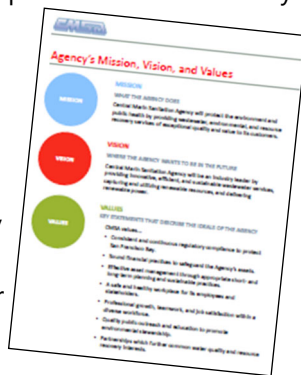
STRATEGIC PLAN

The Agency's Strategic Plan (SP) is a guide to direct the Agency in charting a strategic path to set priorities, focus energy and resources, and guide fundamental decisions and actions that will shape the Agency for five years, in one-year increments.

FY21 marked the fifth and final year of the Agency's SP that was initiated in 2017.

Highlights of the FY21 plan include:

- Maintain the high performance of the treatment facility's operational processes.
- Deliver critical and high priority Agency projects.
- Regularly evaluate existing fiscal practices and procedures and develop new procedures as necessary.
- Prepare transparent financial documents.
- Implement steps to enhance the Agency power delivery program.
- Increase the Agency's energy efficiency through implementation of the power monitoring program.
- Collaborate with stakeholders on programs to comply with CalRecycle's regulation on diverting organics from landfills.
- Promote a culture of leadership and professional growth to attract and develop qualified and skilled employees.



The current SP and its annual business plans may be found at www.cmsa.us/documents/administrative.

SUCCESSION PLANNING

CMSA conducts succession planning each year to ensure that the Agency can fulfill its mission and core values, stated in its strategic plan, with the appropriate staff resources. The Agency successfully completed recruitments

for six new employees during FY21. These staff members were hired to fill vacancies in various classifications including a Mechanical Technician, an Electrical/Instrumentation Technician, an Industrial Utility Laborer, two Laboratory Analysts, and an Administrative Specialist.



Student Internship Program: Opportunities are provided for students seeking careers in the water or wastewater industry to gain exposure in a public sector environment and enhance academic training. In FY21, the Agency had interns in the environmental laboratory work group.

Retired Annuitants: The Agency benefits from hiring retirees who are able to contribute their unique expertise on special projects. A long time electrical and instrumentation supervisor was hired under a retired annuitant service agreement to work on an array of projects.

PARS for Temporary Employees: CMSA provides retirement contributions for interns and retired annuitants through PARS, the Public Agency Retirement System. It replaces Social Security and provides more retirement pension options for temporary employees.

PUBLIC AGENCY SERVICES

CMSA provides a variety of wastewater-related services for public agencies in our service area.



Existing SQPS Generator

Sanitary District No 2's nineteen pump stations: CMSA supported three scheduled capital improvement projects, a long-term CalTrans improvement project, and assisted in updating their emergency operating procedures.

San Quentin State Prison (SQSP) main pump station and forcemain: In November 2020, CMSA awarded the SQPS Generator, Transfer Switch, and Exhaust Fans Upgrade Project to Fort Bragg Electric. The project involves replacing aging components that have reached the end of their useful life.

San Quentin Village Sewer Maintenance District's collection system and pump station: In addition to operating and maintaining the District's system, CMSA installed larger pumps to effectively handle higher wet weather flows.

MAJOR ACCOMPLISHMENTS AND INITIATIVES

POWER DELIVERY PROGRAM

CMSA's power delivery program has been underway for many years and aims to utilize the Agency's excess digester capacity to accept additional organic feed stocks, such as grease and food waste, to significantly increase biogas generation in the anaerobic digesters.

Highlights from this year include:

- Delivering approximately 448,000 kilowatt-hours (kWh) of renewable power to the local electrical grid for sale to MCE under a 10-year Power Purchase Agreement and receipt of approximately \$47,000 in associated revenue.
- Pre-purchased major equipment and awarded a construction contract for a new higher capacity and more energy efficient cogeneration system.
- An Interconnection Agreement with PG&E allows the new cogeneration system to deliver its maximum power output to the PG&E electrical grid, as well as maintain operation during a power outage.
- MCE approved a new Feed-in-Tariff application for the new cogeneration system that led to a new 10-year Power Purchase Agreement.
- A pilot project with SBWMA was initiated to accept pre-processed food waste slurry in CMSA's anaerobic digesters. Pilot will continue through FY22.
- Completion of the Digester pilot study.



Power export meter to track energy being sold to MCE.

ORGANIC WASTE PROGRAM

CMSA's organic waste program is comprised of the Central Marin Food-to-Energy (F2E) program and a separate program where CMSA receives and processes Fats, Oils, and Grease (FOG) from private haulers, as well as food waste slurry for a pilot program with SBWMA. F2E was launched in January 2014, with Marin Sanitary Service (MSS) collecting pre-consumer food waste from restaurants and markets in their service area.



Food waste being sorted at MSS.

Collected food waste is processed at MSS's local transfer station. A truck then transports the cleaned processed food waste to CMSA, where it is dumped into an underground tank, mixed with FOG and other liquid organic wastes, and then injected into the treatment plant's anaerobic digesters.

The benefits of this public-private partnership include diversion of food waste from the local landfill, reduction of regional greenhouse gas emissions, reduced truck traffic on the freeway and local roads, and additional energy production at CMSA. MSS has currently enrolled over 170 businesses that generate food waste.

Highlights from this year include:

- CMSA received an average of 5.9 tons of food waste per day, and 27,000 gallons of FOG per day (except Sundays), and a total of 85,650 gallons of pre-processed food waste slurry from the SBWMA pilot program.
- The mixture of food waste, FOG, and other organic materials produced enough additional biogas to run the energy generation system up to an average 19.3 hours per day, and 24 hours per day multiple days during the week.

PLANNING AHEAD

The Agency updates a 10-year financial forecast during the development of the biannual budget. These forecasts are a long-term examination of Agency operations and program revenues, operating expenses, capital costs, and reserve balances. The examination is the result of a collaborative process between Agency staff and the CMSA Board Finance Committee. It provides a strategic perspective to guide the Board in making decisions on the direction for future revenues, and funding and uses of Agency reserves.

CMSA is also planning to issue pension obligation bonds in FY22 to take advantage of low interest rates and fund 98% of the current unfunded liability with the CalPERS retirement system in the amount of approximately \$14.3M.



MAJOR CAPITAL AND ASSET MANAGEMENT PROJECTS

RAISE THE ROOF

The Administration Building has a wood-framed metal panel roof that was built during the original facility construction in the early-1980s. The building's roof has deteriorated, with increasing leaks over the years due to failing sealants and corrosion where the metal roofing panels interface with underlying metal structural clips. This project replaced the entire metal roof and underlayment, replaced the patio and lobby skylights, and removed dry rot. Construction began in April 2021 and will be completed in early FY22.



Demolition of old roof.



New metal panel roof and skylight framing.

UPGRADED LAB EQUIPMENT

The Agency's Laboratory acquired a new Ion Chromatography (IC) system to replace an older, labor intensive in-house Volatile Fatty Acid (VFA) analysis method. This upgrade allows laboratory staff to conduct analyses that were previously outsourced to commercial laboratories. Based on the annual labor savings from replacing the existing labor-intensive VFA analysis method as well as the cost savings from eliminating the need for outsourced commercial laboratories, the equipment payback will be approximately three years.

In FY22, laboratory staff are preparing the method development requirements for the new system such as: analytical instrument adjustment, software method adjustment, standard operating procedural development, method detection limit studies, a linearity study, a proficiency testing study, and an Environmental Laboratory Accreditation Program Amendment application, after which the system will be placed in continuous service.



EXTENDING THE LIFESPAN OF SECONDARY CLARIFIER NO. 3

As part of periodic maintenance and rehabilitation work to increase the life expectancy of the secondary clarifiers, our Capital Improvement Plan scheduled sequential projects to repair the corrosion on the metal and concrete components inside each of the Agency's four clarifiers. Rehabilitation of Secondary Clarifier No. 3 began in March 2021 and was completed in June 2021. Construction work included recoating the metal structural components, repairing corroded steel, replacing the center column and internal return-activated-sludge pipes, replacing the turntable drive unit, resurfacing the effluent trough concrete, and replacing the aging walkway plates with new fiberglass reinforced plastic grating.

The project finished on time and the clarifier has been put back into service without any issues. With the lessons learned and timely completion of this year's project, CMSA plans to rehabilitate two secondary clarifiers next year.



Old center column/RAS pipe.



Install of new center column/RAS pipe.

CAPITAL ASSETS

As of June 30, 2021, CMSA's total capital assets, net of depreciation (a non-cash expense that reduces the value of capital assets), totaled \$77,815,360. This amount is broken down into asset categories shown in the chart below. Additions to capitalized assets totaled \$4,682,942 and are reported on the Condensed Statement of Net Position and in Note 5 in the FY21 ACFR financial statements section. The Agency also expensed an additional \$187,572 related to repairs and maintenance on capital equipment which can be found on the Condensed Statement of Revenues and Expenses and Changes in Net Position.

WASTEWATER TREATMENT FACILITIES
(77.7% of capital assets)
Assets in this category include structures and equipment used in the treatment of wastewater and biosolids, and in energy production.

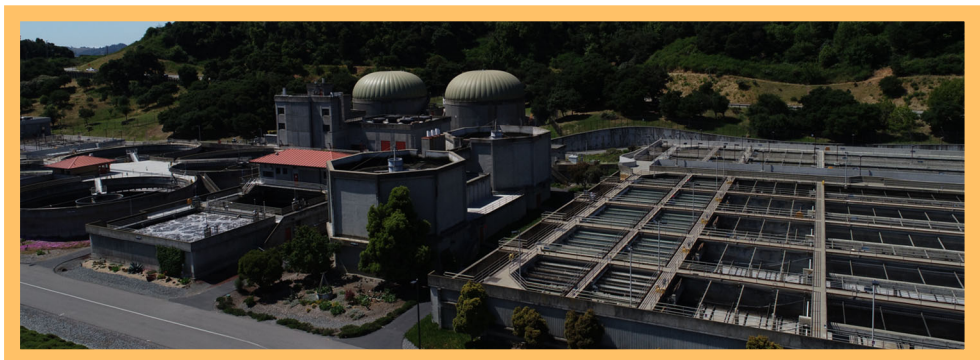
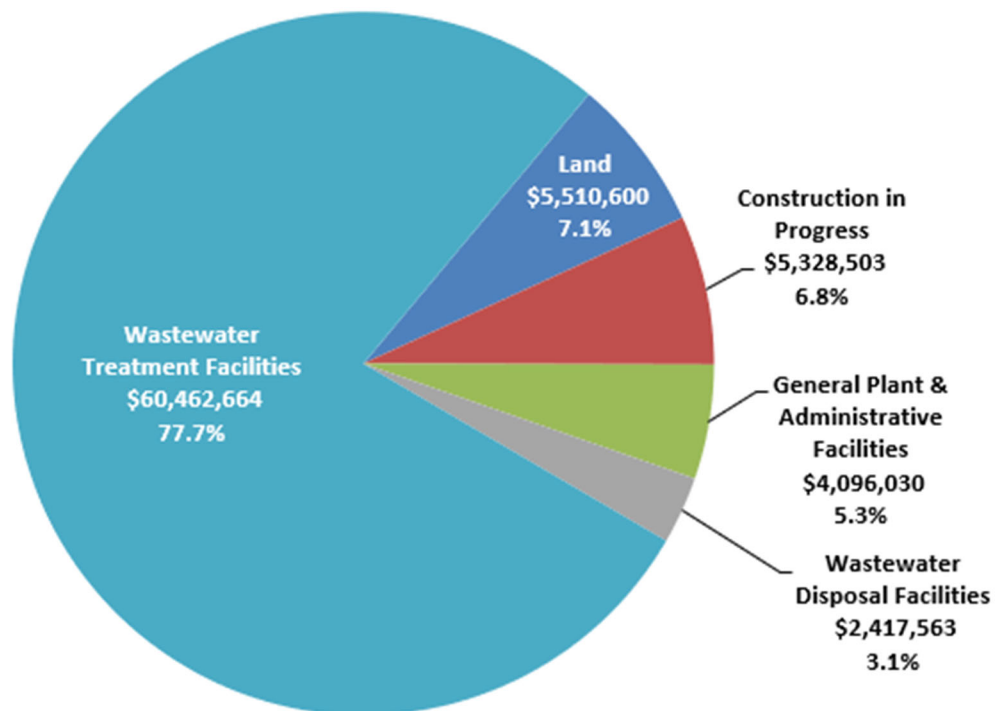
LAND
(7.1% of capital assets)
Lands owned by the Agency that buildings and treatment plant facilities occupy.

CONSTRUCTION IN PROGRESS
(6.8% of capital assets)
Assets in this category include the following projects that are underway: the new cogeneration system and the RAS pumps replacement project.

GENERAL PLANT & ADMINISTRATIVE FACILITIES
(5.3% of capital assets)
Assets in this category include Agency buildings and vehicles.

WASTEWATER DISPOSAL FACILITIES
(3.1% of capital assets)
Assets in this category include structures and equipment used in the discharge of treated wastewater into San Francisco Bay.

CAPITAL ASSETS AS OF JUNE 30, 2021 (NET OF DEPRECIATION)



Detailed budget and project information on the Agency's **FY21 Capital Improvement Program** can be found in the **Agency's Adopted Budget** at www.cmsa.us/finance/documents/

KEY FINANCIAL INFORMATION

FY21 BUDGET PERFORMANCE

The Agency uses the accrual method of accounting in accordance with generally accepted accounting principles to produce its financial statements and the cash basis is used to develop the annual budget.

The Agency's primary revenue source is the regional sewer service charge. The table to the right shows the adopted FY21 budget revenues and expenses compared to the FY21 audited actuals.



CMSA is accounted for in a single enterprise fund. A comprehensive set of Board adopted financial policies provides direction to protect the Agency's assets and investments through sound financial management. The source of the information in this PAFR is consistent with generally accepted accounting principles. Details can be found in the FY21 ACFR at www.cmsa.us/finance/documents/.

FY21 CONDENSED STATEMENT REVENUES & EXPENSES: BUDGET TO AUDITED ACTUALS PERFORMANCE

Revenue (Cash in)*	Adopted Budget	Audited Actuals
Sewer Service Charges	\$ 12,631,001	\$ 12,631,001
Debt Service	4,946,258	4,947,816
Contract and Other Operating Revenues	1,947,623	2,272,621
Non Operating Revenues— net of non-operating expenses	462,780	207,920
Capital Contributions	135,675	1,592,633
Total Revenues-All Sources	\$ 20,123,337	\$ 21,651,991

Expenditures (Cash out)*	Adopted Budget	Audited Actuals*
Total Operating Expenses (net of non-cash depreciation)	\$ 13,068,818	13,166,216
Total Non-Operating & Bond Interest Expenses	1,487,006	1,661,789
Total Expenses	\$ 14,555,824	\$ 14,828,005
Total Debt Service Principal Paid FY19	\$ 2,470,000	*\$ 2,470,000

*Details available in the FY21 ACFR, Note 6-Long-Term Obligations.

AUDIT OF AGENCY'S STATEMENT BY INDEPENDENT AUDITOR

California Government Code section 53891 requires an annual audit by independent Certified Public Accountants, which is filed with the State Controller's Office. The Agency's FY21 Financial Statements were audited by the Agency's auditor, Cropper Accountancy Corporation, in accordance with Generally Accepted Auditing Standards (GAAS), and presented in accordance with Generally Accepted Accounting Principles (GAAP).

The statements also met the State Controller's Minimum Audit Requirements for California Special Districts. The Agency's Audited Financial Statements and accompanying Independent Auditor's Report were accepted by the CMSA Board in November 2021, and can be found in the Agency's **FY21 ACFR**, available at

www.cmsa.us/finance/documents/.

CONDENSED STATEMENT OF NET POSITION

The Statement of Net Position is a useful indicator of financial position. The largest portion of CMSA's net assets reflects its investment in capital assets (land, buildings, facilities, equipment), less outstanding related debt used to acquire those assets. The Agency's Total Net Position increased by \$2,602,356 in FY21 because total revenues exceeded total expenses.

Current assets increased by \$10.4M mainly due to debt proceeds and increased cash amounts. Current liabilities increased by \$1.3M primarily due to increased retentions payable and an increase in the current portion of long-term debt. The increase in non-current liabilities is also attributable to debt.

CONDENSED STATEMENT OF NET POSITION AS OF JUNE 30, 2021

	FY19	FY20	FY21	Percent Change FY20-FY21
ASSETS				
Current and Other Assets	\$ 19,607,469	\$ 20,514,559	\$ 30,904,239	50.6%
Capital Assets - Net	78,845,782	77,406,140	77,815,359	0.5%
TOTAL ASSETS	\$ 98,453,251	\$ 97,920,699	\$ 108,719,598	11.0%
DEFERRED OUTFLOWS OF RESOURCES¹				
	7,332,920	5,570,585	5,220,529	-6.3%
LIABILITIES				
Current Liabilities	\$ 3,879,363	\$ 4,523,644	\$ 5,889,948	30.2%
Non-Current Liabilities	55,467,490	53,125,486	60,184,524	13.3%
TOTAL LIABILITIES	\$ 59,346,853	\$ 57,649,130	\$ 66,074,472	14.6%
DEFERRED INFLOWS OF RESOURCES¹				
	1,790,731	1,700,000	1,121,145	-34.1%
NET POSITION CONTROL TOTAL	\$ 44,648,587	\$ 44,142,154	\$ 46,744,510	5.9%
Investment in capital assets net of debt	\$ 36,596,279	\$ 37,713,682	\$ 31,500,018	-16.5%
Restricted for capital improvements			\$ 8,142,784	0.0%
Unrestricted	7,048,782	6,428,472	7,101,708	10.5%
TOTAL NET POSITION	\$ 43,645,061	\$ 44,142,154	\$ 46,744,510	5.9%

¹ Amounts associated with OPEB, pension, and debt refunding.

DEFINITIONS

CAPITAL ASSETS: Includes Agency land, treatment plant, facilities, buildings, and equipment net of depreciation.

CURRENT AND OTHER ASSETS: Assets converted to cash or consumed within one year: cash, investments, receivables, prepaid expenses.

CURRENT LIABILITIES, CURRENT PORTION LONG-TERM OBLIGATIONS: Payment due on obligations owed by CMSA within the next 12 months.

DEFERRED OUTFLOW OF RESOURCES: A consumption of net assets that is applicable to a future reporting period.

DEFERRED INFLOW OF RESOURCES: An acquisition of net assets that is applicable to a future reporting period.

INVESTMENT IN CAPITAL ASSETS NET OF DEBT:

Amounts invested in capital assets less accumulated depreciation and any outstanding debt used to acquire the assets.

NON-CURRENT LIABILITIES: Payment obligations owed more than 12 months in the future.

RESTRICTED FOR CAPITAL IMPROVEMENTS: Cash and debt proceeds that can only be used for specific capital improvement purposes.

TOTAL NET POSITION: Equity associated with general government assets and liabilities.

UNRESTRICTED (NET POSITION): Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources not included in the determination of net investment in capital assets or the restricted component of net position.

STATEMENT OF REVENUE & EXPENSES AND CHANGES IN NET POSITION

This statement summarizes CMSA's operating and non-operating revenues and expenses, and unlike the ACFR, presents Capital Contributions with Total Revenues. CMSA's main sources of revenue are the regional sewer service charges received from JPA members and contract revenues from providing wastewater services to SQSP and Sanitary District No. 2. Service charges pay for operating expenses, capital improvements, and debt service. Operating revenues increased as a result of a scheduled service charge rate increase and increased contract maintenance revenues for new industrial utility labor services with SQSP. Capital contributions significantly increased due to several major commercial and residential remodels. Total expenses remained relatively flat, contributing to the \$2.6M increase in net position.

CONDENSED STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION AS OF JUNE 30, 2021

	FY19	FY20	FY21	Percent Change FY20-FY21
REVENUES				
Operating Revenues	\$ 17,901,670	\$ 18,802,873	\$ 19,851,438	5.6%
Non-Operating Revenues	863,486	(698,343)	207,920	70.2%
Capital Contributions-Capacity Charges	671,769	511,165	1,592,633	211.6%
TOTAL REVENUES	\$ 19,436,925	\$ 18,615,695	\$ 21,651,991	16.3%
EXPENSES				
Operating Expenses (including depreciation)	\$ 16,553,636	\$ 17,822,341	\$ 17,387,846	-2.4%
Non-Operating Expenses	1,457,861	1,386,336	1,661,789	19.9%
TOTAL EXPENSES	\$ 18,011,497	\$ 19,208,677	\$ 19,049,635	-0.8%
Net Income (Loss) before Capital Contributions	\$ 1,425,428	\$ (592,982)	\$ 2,602,356	-538.9%
CHANGE IN NET POSITION	\$ 1,425,428	\$ (592,982)	\$ 2,602,356	-538.9%
BEGINNING NET POSITION AS RESTATED	\$ 42,219,633	\$ 43,645,061	\$ 43,052,079	-1.4%
ENDING NET POSITION	\$ 43,645,061	\$ 43,052,079	\$ 45,654,435	6.0%

DEFINITIONS

CAPITAL CONTRIBUTIONS-CAPACITY CHARGES:

A treatment plant capacity fee paid by each new sewer user or an expansion by an existing user connecting to a public sewer served by CMSA. Capital contributions must fund capital projects.

CHANGE IN NET POSITION: The total of net income (loss) plus capital contributions-capacity charges.

ENDING NET POSITION: The sum of net position at the beginning of the fiscal year, plus the change in net position, plus prior period adjustments equals the net position at the end of the fiscal year, and is an indication of the Agency's financial position.

NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS:

The difference between total revenue less total expenses.

NON-OPERATING REVENUES & EXPENSES: Revenues and expenses that are incidental to CMSA's main purpose and derived from activities not related to wastewater operations, e.g. interest earnings and costs of borrowing.

OPERATING EXPENSES: Expenses incurred for provision of wastewater related services.

OPERATING REVENUE: Revenues received for wastewater-related services.

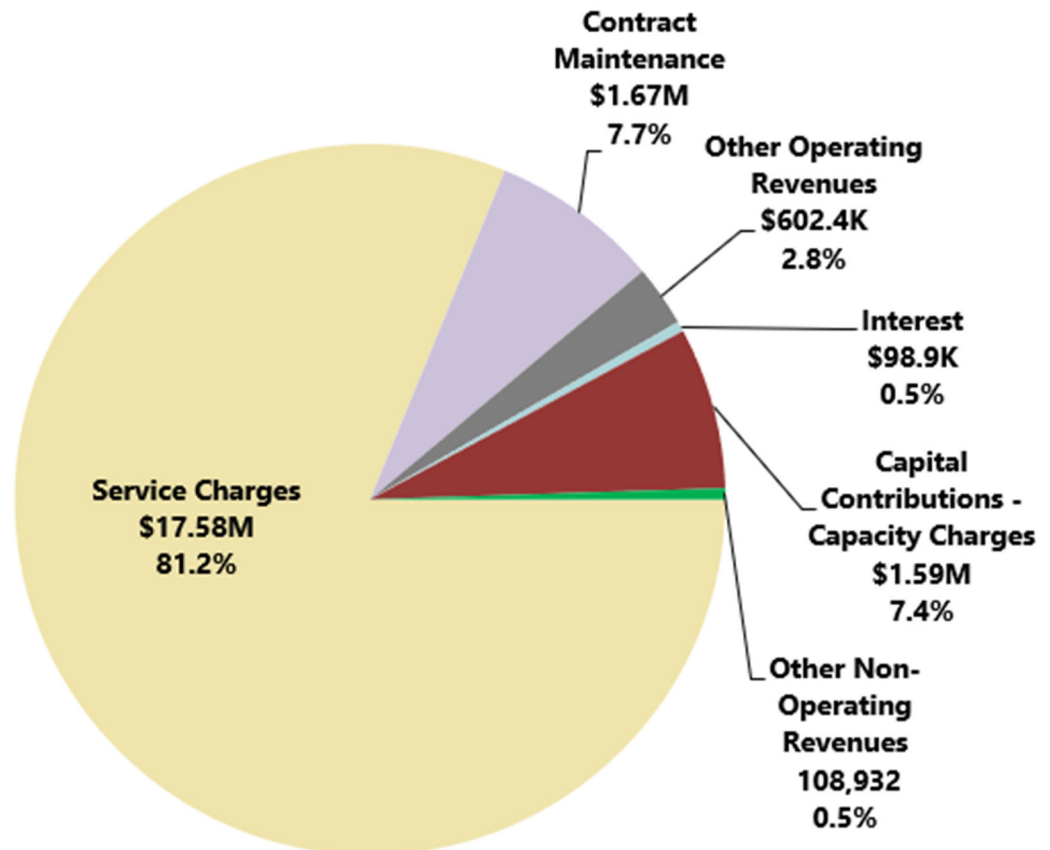
WHERE THE MONEY COMES FROM (REVENUES)

CMSA's total revenues for FY21 were \$21,651,991 including capital contributions. Operating revenues totaled \$19,851,438 and included \$4,131,789 collected for debt service.* Non-operating revenues (expenses) and interest totaled \$207,920 which included a prior period adjustment to correct the cogeneration system asset that should not have been fully disposed in FY20.

Capital Contributions must fund capital projects. CMSA's practice is to spend capital contributions received on a first-in-first-out basis to finance capital activities. Accordingly, no interest was posted to capital contributions and there was no outstanding balance at fiscal year-end.

California Government code requires:

- A separate accounting of capital contributions
- Application of interest to outstanding balances
- Disclosure of the amount collected within 180 days after the fiscal year
- Identification of the funded capital projects



*Debt service is a fee collected for the repayment of revenue bond principal, interest, and debt coverage. In FY21 the Agency paid \$2,470,000 in principal and incurred \$1,661,789 in interest expense.

DEFINITIONS

CONTRACT MAINTENANCE: Revenues received from local and state agencies for wastewater treatment, collection system operation, and source control services.

INTEREST & OTHER NON-OPERATING REVENUE:

Interest revenue earned on cash and investment accounts and other sources of income, such as dividend payments, that are not derived from day-to-day operations.

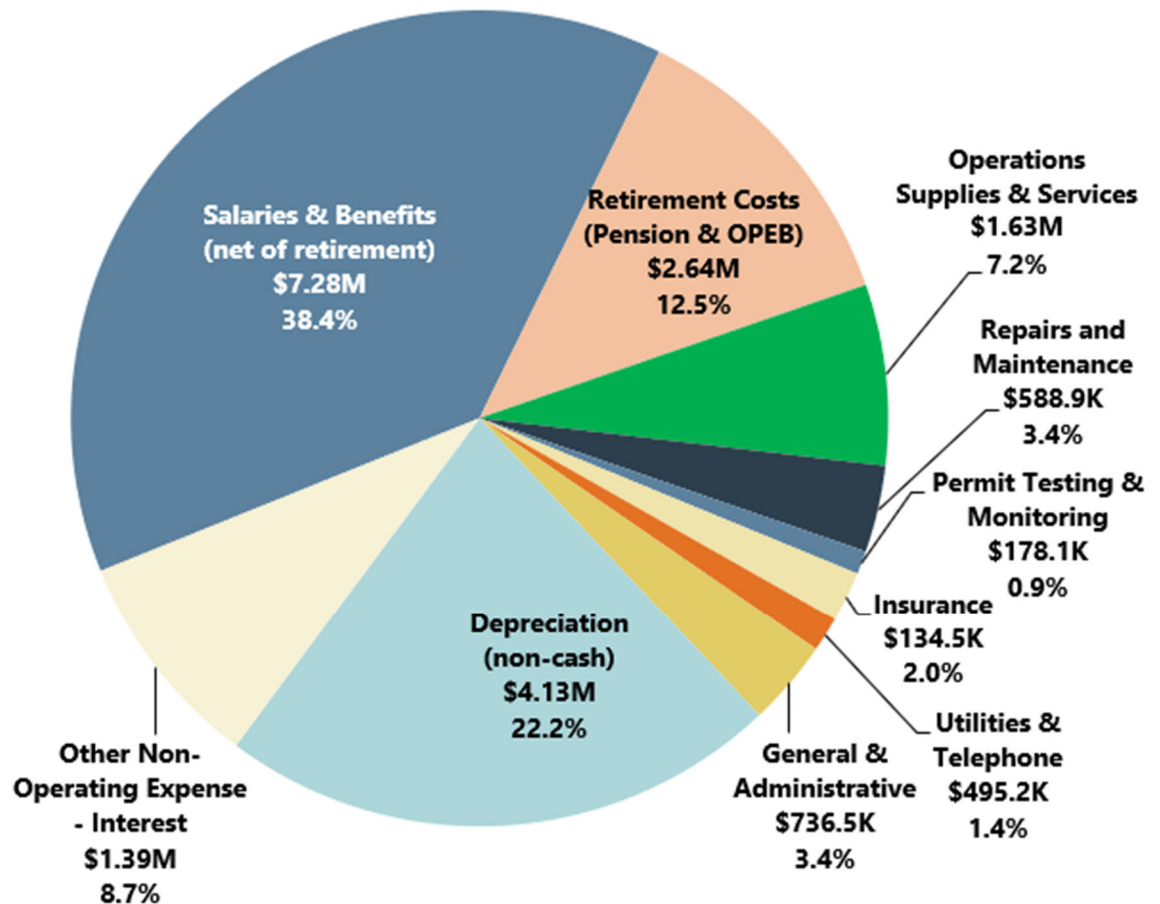
OTHER OPERATING REVENUES: Revenues received and fees charged for permit issuance and site inspections, administration of programs for local wastewater agencies, and facility use charges for septic and organic waste disposal.

SERVICE CHARGES: A fee charged to JPA members and San Quentin State Prison for wastewater treatment service and their share of the Refunding Revenue Bond Series 2015 and series 2020 debt service payments.

WHERE THE MONEY GOES (EXPENSES)

CMSA FY21 total operating expenses were \$19,049,635 of which \$13,166,216 were actual operational expenses, \$1,661,789 were non-operating interest expenses, and \$4,221,630 was in depreciation, a non-cash expense.

Excluded from this chart are expenditures for capital and asset management projects which have been capitalized and shown as capital assets on the Statement of Net Position and in the Capital Assets section of this report.



DEFINITIONS

DEPRECIATION: A current year non-cash expense that reduces the value of an asset as a result of wear and tear, age, or obsolescence.

GENERAL & ADMINISTRATIVE: Expenses include professional services, office related supplies, regulatory permits and memberships in local, state, and national industry organizations.

INSURANCE: Premiums are for general liability, property, auto, and workers' compensation insurance, and employee/commissioner bonds.

OTHER NON-OPERATING EXPENSE—INTEREST: Payments due for borrowing money for the Refunding Revenue Bond Series 2015 and the Series 2020 Revenue Bonds.

PERMIT TESTING & MONITORING: Laboratory fees related to wastewater sampling and monitoring services, other regulatory compliance fees, and laboratory supplies.

OPERATIONS SUPPLIES & SERVICES: Expenses include purchases for chemicals used in treatment, fuel, and biosolids hauling and disposal fees.

REPAIRS & MAINTENANCE: Includes facility expenses to maintain vehicles, equipment, and energy generation systems, and for tools, supplies, and groundskeeping.

RETIREMENT COSTS: The costs of pension and OPEB retirement benefits.

SALARIES & BENEFITS: Compensation and health benefits paid to, and on behalf of, employees and retirees.

UTILITIES & TELEPHONE: Expenses include electricity, natural gas, solid waste disposal/recycling, water, telephone, and internet.



Government Finance Officers Association

**Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting**

Presented to

**Central Marin Sanitation Agency
California**

For its Annual Financial Report
for the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

**The Government Finance Officers Association
of the United States and Canada (GFOA)**

has given an award for

**Outstanding Achievement in
Popular Annual Financial Reporting**

to Central Marin Sanitation Agency for its
Popular Annual Financial Report for the
fiscal year ended June 30, 2020.

The Award for Outstanding Achievement in Popular
Annual Financial Reporting is a prestigious national
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highest standards for preparation of state and
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In order to receive an Award for Outstanding
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a government unit must publish a
Popular Annual Financial Report,
whose contents conform to standards of creativity,
presentation, understandability and reader appeal.



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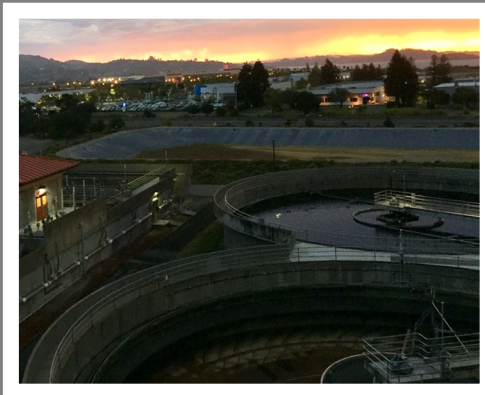
**FY22-26
Strategic Plan**



@CENTRALMARINSA

OUR VISION

Central Marin Sanitation Agency will be a forward-thinking organization by providing innovative and effective wastewater services, capturing and utilizing renewable resources, and implementing sustainable solutions for an enhanced quality of life.



OUR VALUES

- Continuous regulatory compliance to protect the environment.
- Sound financial practices.
- Effective asset management.
- A safe and healthy workplace.
- Creating job satisfaction within a diverse workforce.
- Engaging public outreach and educational programs.
- Leadership, partnerships, teamwork, and collaboration.



**CALIFORNIA WATER
ENVIRONMENT
ASSOCIATION**

**2020 STATE LEVEL
AWARD**

**Community Engagement &
Outreach Program of the Year**

**Community Engagement &
Outreach Person of the Year**
Mary Jo Ramey

**2020 REDWOOD
EMPIRE SECTION
AWARDS**

AGENCY

**Community Engagement &
Outreach Program of the Year**

INDIVIDUAL

**Operator
of the Year**
Sandi Batis

**Electrical / Instrumentation
Person of the Year**
Jon Farr

**Community Engagement &
Outreach Person of the Year**
Mary Jo Ramey